

FIEO suggests government to issue showcause notice to risky exporters for tax refunds fraud

NEW DELHI: The Federation of Indian Export Organisations (FIEO) has suggested the government to issue suitable show cause notices to 'risky exporters' who have fraudulently claimed refunds under integrated goods and services tax (IGST) but are untraceable now.

Government should further proceed in the matter by immediately issuing them suitable show cause notices.

If they do not respond, DGFT should initiate action to suspend/cancel their Import Export Code making them ineligible for further exports/imports and authorities should initiate proceedings against them to recover government money," the apex association of exporters said.

Risky exporters are seen as suspicious by the customs department for claiming their duty drawback and IGST refunds on the basis of bogus invoices and their consignments undergo manual checking before their claims are refunded.

Responding to media reports highlighting that 1,377 exporters, who fraudulently claimed IGST refund worth Rs 1,875 crore, and are untraceable at their place of business, FIEO said: "While the number of untraceable exporters as a percentage of total number of exporters is not much yet untraceability of such a large number of exporters requires concerted efforts by all of us to trace them and bring them to books."

Every exporter has a PAN and a bank account before he applies for an IEC. For opening the bank account, necessary KYC is done by banks also besides introduction of account by another customer. The Directorate General of Foreign Trade also keeps their email, telephone and bank details including the photograph of the person who applies for IEC. Exporters are also required to have GST registration providing email and mobile number, which is cross verified through electronic mode. The registration of exporters is also done at Customs and bank details are captured in which IGST amount is credited

FIEO said these exporters may also be members of some export promotion councils or other commodity boards who can also help in providing necessary information available with them, and Star exporters also submit Chartered Accountant Certificates, which are also at times verified by the licensing authorities